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United States General Accounting Office

GAO

Fact Sheet for the
Honorable Howard M. Metzenbaum
United States Senate

December 1985

INCOME SECURITY

Selected Disability Payments

GAO/HRD-86-47FS

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

December 27, 1985

B-220833

The Honorable Howard M. Metzenbaum
United States Senate

Dear Senator Metzenbaum:

In response to your February 14, 1985, letter and later discussions with your office, we reviewed selected issues related to (1) the administration of the Medicare part B program in Ohio and (2) time frames for paying beneficiaries whose social security disability claims were approved by either administrative law judges or federal courts.

After briefing your office on August 21 and September 24, 1985, on our review results, we agreed to provide you with separate fact sheets on the above subjects. On October 18, we provided you with our fact sheet entitled Administration of Selected Medicare Activities in Ohio (GAO/HRD-86-28FS).

This fact sheet discusses the Social Security Administration's (SSA's) payment of disability benefits to applicants whose claims were approved by administrative law judges or the federal courts. As requested, we have also included information on the status of SSA's plans to close or otherwise restructure its field offices.

In doing our work, we relied primarily on statistical information and studies obtained from SSA's Office of Disability Operations and Office of Hearings and Appeals. We reviewed 22 cases chosen at random from among the 85 disability claims approved in October 1984 by administrative law judges from SSA's Cleveland hearing office. In addition, we reviewed from among these 85 decisions the 4 cases that were selected for a special quality assurance review (referred to as a "Bellmon review") by the Office of Hearings and Appeals. Further, we interviewed officials from pertinent SSA offices and from the Department of Health and Human Services' Office of General Counsel.

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Based on information obtained from SSA, unless a case is selected for a Bellmon review, most claimants who are awarded disability benefits by administrative law judges should receive their first payment in about 2 months.

For disability claims that were approved by the courts, SSA has (since June 1984) implemented a number of procedures that, in general, have resulted in more timely payments to beneficiaries. One study showed that between February and May 1985, the average length of time for SSA to complete payment processing activities for court-approved claims decreased from 120 to 93 days.

As of November 1985, SSA's Chicago Regional Office was reviewing the activities of nine field facilities in Ohio. Decisions on what changes (if any) will be made to these field facilities have not yet been made.

We discussed the matters contained in this document with SSA officials from the Office of Central Operations and the Office of Disability Operations and incorporated their comments where appropriate.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this fact sheet until 30 days from its issue date. At that time we will send copies to the Secretary of Health and Human Services and the Director, Office of Management and Budget, and make copies available to others on request.

Should you need additional information on the contents of this document, please call me on 275-5451.

Sincerely yours,

Franklin A. Curtis

Franklin A. Curtis
Associate Director

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PAYING SELECTED SSA DISABILITY CLAIMS

INTRODUCTION

The Social Security Administration (SSA) is the largest component of the Department of Health and Human Services (HHS). In fiscal year 1985, SSA had over 80,000 employees and over 1,300 offices located throughout the nation. The major programs administered by SSA include (1) the Social Security Retirement program, (2) the Social Security Disability Insurance program, and (3) the Supplemental Security Income program.

Individuals may file applications for disability benefits under title II of the Social Security Act with SSA district offices. District offices make nonmedical eligibility determinations based on an applicant's earnings history and forward applications to a state-administered Disability Determination Service for further processing. The Disability Determination Service makes an initial determination of whether an applicant's medical condition warrants payment of disability benefits, using rules and guidelines issued by SSA. If the Disability Determination Service denies the initial application, the applicant may submit additional material and ask for a reconsideration. If the claim is still not approved, the applicant can request a hearing before an Administrative Law Judge (ALJ) from SSA's Office of Hearings and Appeals (OHA).

An applicant can further appeal the ALJ's decision to OHA's Appeals Council and, if still dissatisfied, to the federal court system. If a decision to award benefits is made, and if SSA does not reverse the ALJ decision or appeal a court decision to a higher court, the case will be forwarded to SSA's Office of Disability Operations (ODO) or one of six SSA Program Service Centers (PSCs) for placement into payment status.

SSA may also have to calculate and pay retroactive benefits to applicants based on the date of their eligibility for disability benefits. In some cases involving retroactive benefits, individuals are entitled to disability benefits under both title II and title XVI of the Social Security Act. Title XVI authorizes the Supplemental Security Income program, which provides benefits to aged, blind, or disabled persons based on financial need. Cases with dual entitlement present SSA with administrative problems in the payment of retroactive benefits because the amount of the title II benefits affects the amount payable under title XVI. SSA district offices process title XVI benefit payments; ODO in Baltimore or PSCs process title II benefit payments.

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WHAT IS THE STATUS OF SSA PLANS REGARDING ITS FIELD FACILITIES?

As of November 1985, SSA was studying its service areas and field facilities using a Service Delivery Review Methodology that the Acting Commissioner of Social Security had instructed SSA offices to implement in May 1985. Using this methodology, SSA regional commissioners are expected to review all field facilities within their service areas by December 31, 1987.

The Service Delivery Review Methodology states that implementing an SSA-wide Service Delivery Plan will be a positive step in ensuring that SSA provides both cost-effective services and acceptable access to these services. The methodology and the guidelines that supplement it give SSA's regional commissioners criteria for reviewing field facility activities. The methodology or guidelines discuss such specifics as (1) the method for determining which facilities should be reviewed first and (2) the steps SSA offices should follow in notifying congressional delegations of service delivery review results that indicate a field facility should be closed or otherwise restructured.

Regarding SSA facilities in Ohio, an SSA Chicago Regional Office official told us that as of November 1985, that office was reviewing the first 9 of its 58 field facilities in Ohio and it did not expect to make decisions on what changes (if any) were needed until after the first of the year.

HOW LONG DOES IT TAKE SSA TO IMPLEMENT ALJ DECISIONS?

Most individuals entitled to title II benefits begin receiving them within about 2 months of an ALJ decision. This time is based on (1) SSA data on the average time PSCs and ODO take to implement ALJ decisions, (2) information on the time from the date of the ALJ decision to receipt of the case by ODO for cases we reviewed, and (3) SSA officials' estimates of the time the Treasury Department takes to issue and mail a check after payment data are processed by SSA. Payments to claimants whose cases are selected for a Bellmon review[1] by OHA take longer to process.

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[1]Section 304(g) of the Social Security Amendments of 1980 (Public Law 96-265) requires SSA to institute a program of ongoing review of ALJ decisions on claims for Social Security Disability Insurance benefits. (See p. 5.)

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SSA case processing

After an ALJ signs a decision approving disability benefits, SSA's hearing offices forward the decision with the claims folder to either ODO or one of the six regional PSCs, depending on the claimant's age. ODO handles cases for claimants under age 58 years, 9 months; PSCs handle the rest. Staff in these organizations obtain information needed to calculate benefit amounts and input data to SSA's records to initiate the payment of monthly benefits.

Table 1 shows the average processing time for ALJ cases from the time the case is received by ODO's Division of Appeals Processing or the PSCs to the time SSA places the case into payment status.

Table 1:

SSA Average Processing Times
For ALJ Disability Decisions-1985

Month	ODO average (days)	PSC average (days)
January	44.7	30.7
February	40.6	29.8
March	36.2	26.8
April	35.8	26.7
May	36.8	25.5
June	35.1	25.9
July	29.1	[a]
August	31.6	[a]
September	28.6	[a]
October	23.6	[a]

[a]Average processing times had not been compiled at the time we completed our fieldwork in October 1985.

An official from ODO's operations support staff attributed the decrease in average processing times to SSA's increased use of a more sophisticated automated claims processing system. Before February 1985, SSA did not use this system for ALJ cases; since then, about 80 percent of the ALJ cases have been processed with this system.

The processing times reported in table 1 do not include the time it takes a case to reach a processing unit after an ALJ has signed a decision. We reviewed 22 cases chosen at random from

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among 85 cases decided in October 1984 by ALJs at SSA's Cleveland hearing office. For 12 of the 16 cases sent to ODO, we noted that they took an average of 7 days to reach ODO after an ALJ decision. For the other four cases processed by ODO and for the six cases that were processed by the PSCs, we did not have the dates that ODO or the PSCs received them.

ODO officials estimated that after SSA finishes processing a disability payment, another 7 to 15 days pass before the beneficiary receives a check. During this time, the Treasury Department receives the payment tape from SSA and prints the check and mails it to the beneficiary.

Based on the length of time it takes an ALJ decision to reach ODO, average processing times by ODO or PSCs, and estimates of the time it takes the Treasury Department to process a check, most applicants whose claims were approved by ALJs would appear to be receiving their initial benefit payment in less than 2 months.

Payment of retroactive benefits

In 21 of the 22 cases we reviewed, claimants were entitled to retroactive benefits. For cases involving only title II benefits, SSA generally completed the processing of retroactive benefits within the same time frame as the processing of the current benefit payment. However, in five of the six cases involving concurrent title II and title XVI (Supplemental Security Income) benefits, payment of the retroactive title II benefits was delayed considerably. Table 2 shows the time frames involved.

Table 2:

ALJ Cases Reviewed by GAO:
Time From ALJ Decision to SSA's Completion
of Processing of Retroactive Benefits

	Number	Median time	Average time	Range
		---------(days)----------		
Title II only cases	15	37	43	28 to 94
Titles II and XVI cases	6	152	145	19 to 253

Acccrding to officials of ODO's operations support staff and SSA's Columbus, Ohio, District Office, the delayed payment of retroactive benefits in concurrent title II and title XVI cases had previously generated many complaints. They explained

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that the amount of title XVI benefits owed is partially determined by the amount of title II benefits received; therefore, adjustments must be made before SSA can pay the correct amount of retroactive benefits. SSA district offices collect monthly income and family information before calculating an individual's title XVI benefit.

According to these officials, since February 1985, SSA has paid title II retroactive benefits before it paid title XVI retroactive benefits when the title II benefit calculations were completed before the SSA district offices were ready to pay title XVI benefits. Before February 1985, SSA's policy was to withhold payment of retroactive title II benefits until title XVI benefits were calculated and paid. These officials believe this change in policy has generally shortened the time for paying retroactive benefits.

OHA Bellmon reviews

The 1980 amendments to the Social Security Act (Public Law 96-265) required HHS to implement a program of reviewing ALJ disability decisions to ensure that they conform to statute, regulations, and policy. These reviews are commonly referred to as Bellmon reviews. For ALJ-approved cases going to ODO, SSA samples these ALJ decisions for review. Using social security numbers, staff in ODO's mailroom select for OHA review about 20 percent of the ALJ decisions that involve only title II benefits. OHA staff screen these decisions. If the decisions appear to conform to statute, regulations, and policy, the cases are returned to ODO for payment action without further review by OHA's Appeals Council.

During the first 11 months of fiscal year 1985, OHA staff screened 5,741 ALJ approvals, including 234 from Ohio. In 4,972 of the approvals (87 percent), no objection was raised. An OHA official told us that, if the Appeals Council does not review these cases, OHA has them for an average of about 20 days before returning them to ODO. In 311 of the 5,741 cases, the Appeals Council reversed the ALJ decision, and in another 288 cases, the Council remanded them to ALJs for their reconsideration. (About 3 percent of the cases were pending as of Aug. 31, 1985.)

Four of the 85 cases approved in October 1984 by ALJs from SSA's Cleveland office were selected for a Bellmon review. Two of these cases were screened and returned to ODO without Appeals Council action. These cases took 113 and 97 days from the dates of the ALJ decision to complete SSA payment processing. The Council reviewed the other two cases and remanded them to ALJs for reconsideration. For these cases, ALJs held new hearings

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and issued second decisions in the claimants' favor. These cases reached payment status 228 and 303 days after the original ALJ decisions.

HAVE PROCEDURES FOR PAYING DISABILITY CLAIMS APPROVED BY FEDERAL COURTS BEEN IMPROVED?

According to officials from SSA's Office of Regulations and HHS' Office of General Counsel (OGC), SSA and U.S. attorneys have implemented procedures beginning in June 1984 that should enable ODO to reduce processing times for paying beneficiaries whose disability claims were approved by federal courts. Recent ODO studies showed that (1) for the 4-week periods ended February 1 and May 3, 1985, the average processing time from the date of the court order approving benefits to ODO's completion of payment processing decreased from 120 to 93 days and (2) after new procedures for processing court orders were implemented in April 1985, a much higher percentage of the court orders were reaching ODO's Division of Appeals Processing within 30 days (67 vs. 19 percent).

Changes in procedures for processing court orders that we discussed with SSA and HHS officials included:

--In June 1984, OGC (the initial recipient of federal court orders approving disability claims) discontinued a policy of holding cases before sending them to SSA for payment processing and agreed to send documentation to SSA authorizing payments to claimants as soon as it had screened the case for a possible appeal. Before June 1984 OGC routinely held court orders until they were at least 60 days old before authorizing SSA to begin payment processing. This delay allowed OGC, SSA, and the Department of Justice the maximum time to consider whether an appeal was warranted. According to an OGC official, delays in paying court-ordered disability benefits had resulted in many complaints and contempt-of-court lawsuits against SSA.

--In September 1984, OGC asked U.S. attorneys to expedite the mailing of court orders approving disability benefits to SSA. U.S. attorneys were to mail these court orders to special post office boxes.

--On April 1, 1985, OGC and SSA established new procedures for processing court orders approving disability benefits. Within 48 hours of receipt from U.S. attorneys, OGC forwards copies of these orders to the litigation staff in SSA's Office of Regulations. The

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litigation staff forwards these cases to either ODO or PSCs within 48 hours. Unless the litigation staff notifies the PSC or ODO within 10 days that the government is considering appealing the case, the case proceeds toward payment. During this 10-day period, the litigation staff reviews the court order and obtains opinions from ODO, OHA, OGC, and others on whether the government should appeal.

Table 3 shows that since SSA established its new processing procedures in April 1985, its records showed that a much higher percentage of the court orders were reaching ODO's Division of Appeals Processing within 30 days.

Table 3:

Length of Time for Court Orders to Reach ODO's Division of Appeals Processing

	Jan. 7 to Mar. 15, 1985		July 1 to Aug. 16, 1985	
Days	Number of cases	Percent of cases	Number of cases	Percent of cases
Under 30	282	19	716	67
30 to 59	564	39	171	16
60 to 89	243	17	67	6
90 and over	370	25	111	11
Total	1,459	100	1,065	100

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